

1 PILLSBURY WINTHROP SHAW PITTMAN LLP  
2 BRUCE A. ERICSON #76342  
3 SHARON L. O'GRADY #102356  
4 ALICE KWONG MA HAYASHI #178522  
5 50 Fremont Street  
6 Post Office Box 7880  
7 San Francisco, CA 94120-7880  
8 Telephone: (415) 983-1000  
9 Facsimile: (415) 983-1200  
10 [bruce.ericson@pillsburylaw.com](mailto:bruce.ericson@pillsburylaw.com)  
11 [sharon.ogrady@pillsburylaw.com](mailto:sharon.ogrady@pillsburylaw.com)  
12 [alice.hayashi@pillsburylaw.com](mailto:alice.hayashi@pillsburylaw.com)

13 Attorneys for Non-Party/Respondent  
14 CAMBRIDGE DISPLAY TECHNOLOGY, INC.

15  
16  
17  
18  
19  
20

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

21  
22  
23  
24  
25  
26  
27  
28

---

SUNNYSIDE DEVELOPMENT  
COMPANY, LLC,  
Plaintiff,  
vs.  
OPSYS LIMITED, a United Kingdom  
Company,  
Defendant.

No. C-05-00553 MHP

**DECLARATION OF DAVID FYFE  
IN OPPOSITION TO PLAINTIFF'S  
MOTION TO ADD CAMBRIDGE  
DISPLAY TECHNOLOGY, INC. AS  
A PARTY TO ACTION AND  
JUDGMENT**

Date: May 16, 2007  
Time: 1:00 p.m.  
Courtroom: 15, 18th Floor  
Judge: Hon. Marilyn Hall Patel

1 I, DAVID FYFE, declare as follows:

2 1. I am the Chairman of the Board of Directors and Chief Executive Officer of  
3 Cambridge Display Technology, Inc. ("CDT Inc."). I have held these positions since 2000.  
4 I have never been an officer or director of Opsys Limited ("Opsys"), Opsys UK Limited  
5 ("Opsys UK"), or CDT Oxford Limited ("CDT Oxford"). I have personal knowledge of the  
6 matters stated in this declaration and, if called as a witness, could testify competently  
7 thereto.

8 2. CDT Inc. is a holding company. It owns all the stock of CDT Holdings  
9 Limited, which, in turn, owns all the stock of Cambridge Display Technology Limited  
10 ("CDT Ltd."). CDT Ltd. currently owns all the stock of Opsys. In addition, CDT Ltd.  
11 currently owns all the stock of CDT Oxford, a corporation formerly owned by Opsys and  
12 formerly named Opsys UK Limited.

13 3. CDT Inc. is a leading developer of polymer organic light-emitting diode ("P-  
14 OLED") technology, which makes possible energy-efficient, ultra-thin, lightweight displays  
15 in a variety of electronic devices.

16 4. In mid-2002, CDT Inc. (then called CDT Acquisition Corporation) began  
17 negotiating to acquire control of certain U.K.-based assets of Opsys, which owned or  
18 controlled a number of patents that had the potential to be useful in developing the next  
19 generation of high efficiency P-OLED materials. I was involved in these negotiations.

20 5. The Opsys research facilities developing the intellectual property based on  
21 the patents that could be useful to CDT Inc. were all located in the U.K. near Oxford.

22 6. Opsys also had operations in the United States involving the pilot  
23 manufacturing of displays based on small molecule emitters. The U.S. operations did not  
24 involve printable P-OLEDS, as the U.K. operations did. Instead, they employed a  
25 competing technology based on a license that Opsys had obtained from the Eastman Kodak  
26 Company ("Kodak").

27 7. CDT Inc. was not interested in acquiring Opsys's U.S. operations for a  
28 number of business reasons. The Kodak manufacturing process differed fundamentally

1 from the process used by CDT Inc., which had invested in its own pilot manufacturing  
 2 facility and had no need of another such facility, particularly one using non-compatible  
 3 production equipment. Because Kodak is a competitor of CDT Inc. in the licensing of  
 4 OLED technology, CDT Inc. did not wish to take any action that would endorse (tacitly or  
 5 otherwise) Kodak's technology. In addition, CDT Inc. had a business model specifically  
 6 eschewing the manufacturing business that Opsys's U.S. operations were seeking to enter—  
 7 the highly competitive, low-profit, capital-intensive business of display manufacturing.  
 8 Instead, the business model of CDT Inc. focuses on licensing its technology and  
 9 transferring that technology to display makers and others in the display supply chain.  
 10 Although CDT Inc. had invested in a process development line to develop manufacturing  
 11 process know-how, it never intended to be a volume manufacturer of displays. In contrast,  
 12 Opsys's U.S. operations intended to manufacture and sell display products.

13       8.     The senior management of CDT Inc. made it absolutely clear to Opsys's  
 14 management from the outset that CDT Inc. had no interest whatsoever in the U.S. assets  
 15 and business of Opsys and that any deal would require a clean separation of the U.S.  
 16 business from the U.K. assets in which CDT Inc. was interested. Therefore, the 2002  
 17 transaction proceeded on this basis. Opsys had already placed its U.S. assets and business  
 18 into Opsys US Corporation. It placed its U.K. assets and business into another entity  
 19 (Opsys U.K.). A principal point of this structure was to effect this clean separation.

20       9.     By means of the 2002 transaction, which closed in October 2002, CDT Ltd.  
 21 acquired control of Opsys UK. Thereafter, three out of twenty-three Opsys UK employees  
 22 became employees of CDT Ltd. Later in 2002, Opsys UK was renamed CDT Oxford  
 23 Limited.

24       10.    Beginning in July 2003, the CDT Oxford facility in Oxford was gradually  
 25 shut down. Most of CDT Oxford's employees were laid off in July 2003; a few remained  
 26 on until October 2003 to oversee the shutdown. Three such employees subsequently  
 27 accepted offers to work for CDT Oxford in Cambridge. They and certain CDT Ltd.  
 28 employees, who were transferred to CDT Oxford, formed a new high efficiency materials

1 research group located in Cambridge and funded by one of CDT Inc.'s shareholders. This  
 2 group conducted research that built upon and expanded both the research previously  
 3 conducted by CDT Oxford and research conducted by CDT Ltd., thereby capturing the  
 4 synergies from CDT Ltd.'s acquisition of control over CDT Oxford's intellectual property.  
 5 CDT Oxford's employees used different laboratories than CDT Ltd.'s employees in  
 6 Cambridge.

7 11. Opsys had no operations of its own after the transfer of its U.K. operations to  
 8 Opsys UK/CDT Oxford in 2002. Opsys, however, has not been liquidated.

9 12. From time to time, the CDT Inc. Board of Directors has considered the  
 10 action brought by Sunnyside Development Company, LLC ("Plaintiff"), against Opsys, not  
 11 only because Opsys is a subsidiary of CDT Ltd. (and hence an indirect fourth-tier  
 12 subsidiary of CDT Inc.) but also because Plaintiff named CDT Ltd. in its original complaint  
 13 and in its first amended complaint, and because Plaintiff moved to add CDT Inc. as a party  
 14 in November 2005. Because of Plaintiff's attempts to sue CDT Ltd. and CDT Inc., I have  
 15 paid some attention to this litigation. CDT Inc. (and CDT Ltd.) did not direct the day-to-  
 16 day defense of Plaintiff's claim.

17 13. I participated in a settlement discussion with Plaintiff's property manager,  
 18 Frank Chiu, because Mr. Chiu asked that a representative of CDT Inc. attend. Mr. Chiu and  
 19 I did not speak again after this meeting. Michael Black, a director of Opsys, was present at  
 20 all times during that meeting.

21 14. CDT Inc. would not have acquired Opsys's stock in 2004 (CDT Inc. later  
 22 transferred that stock to CDT Ltd.) if CDT Inc. or CDT Ltd. had known that Plaintiff  
 23 claimed that the assignment of the lease agreement between Plaintiff and Opsys to Opsys  
 24 US Corporation was ineffective or that CDT Inc. or CDT Ltd. might be deemed to have any  
 25 liability under that lease.

26 //

27 //

28 //

1 I declare under penalty of perjury under the laws of the United States of America  
2 that the foregoing is true and correct. Executed this 7th day of May, 2007 at San Francisco,  
3 California.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

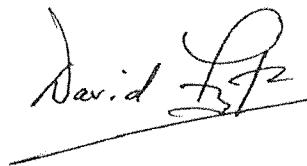
24

25

26

27

28



David Fyfe